

often old and run down, that passenger cars offered dated amenities, and the equipment was prone to failure. The nation's railroad infrastructure was in a serious state of disrepair. Trains, even some passenger trains, crept along at 10–15 miles-per-hour in some places and derailments were becoming distressingly commonplace. By the time Amtrak commenced operations in 1971, the number of daily intercity passenger trains had been reduced from 11,000 in 1964 to fewer than 300 in 1970.

Today, despite chronic under-investment, Amtrak has managed to replace and upgrade many car and locomotive fleets, rehabilitate once dilapidated train stations, and introduce a variety of new services in an effort to keep people riding the rails. Ridership has grown from 4.4 million on 184 trains operated in 1971 to more than 24 million on 100,000 trains operated in 2005, a record level for Amtrak. And just last month, despite increasing freight congestion on the nation's railways, Amtrak's on-time performance on the Northeast Corridor reached 90 percent.

In other words, Amtrak survived—survived the inadequate equipment and facilities; survived the budget cutters, and survived the competition from low-cost airlines. And now, as we see gas prices soaring to more than \$3 a gallon, we see the wisdom of keeping intercity passenger rail service in place in the United States.

This month, Congress will begin its annual debate on funding for Amtrak. The Administration and a minority in Congress will once again argue for inadequate or no funding for Amtrak. In the past 35 years combined, Amtrak has received less federal funding than we will spend on highways in just this fiscal year. The Federal Government has also established robust funding mechanisms for aviation and public transit, and Congress has always properly supported Federal investment in these modes. But not for Amtrak: Amtrak is forced to beg for federal funding year after year, and rarely gets what it needs because of false expectations that it should be profitable.

Railroads throughout the world receive some government support to supplement the revenues paid by passengers. China invests \$16 to \$20 billion annually in passenger rail. Japan and Germany devote 20 percent of their total annual transportation budget to passenger rail, totaling \$3 to \$4 billion each. A host of other nations also invest heavily in passenger rail—France, for example. When I was a graduate student at the College of Europe in Belgium, part of our work was to travel to various parts of Europe and see different economic systems. I traveled from Paris to Lyon, almost 300 miles. It was a 4½ hour trip. I went back in 1989, as chair of the Aviation Subcommittee. We were following the trail of Pam Am 103. I just wanted to experience the TGV (Train à Grande Vitesse). The same trip took 2:01 hours. At a certain point, the train passed a small airfield where a twin-engine aircraft had taken off, and the train passed the plane at 180 mph.

We can do the same here in the United States. The Federal Government just needs to step up and take charge with a strong program to support passenger rail.

Congratulations again to Amtrak and its workers for 35 years of public service. Not only are you a vital link to our nation's past, you are indispensable to our Nation's transportation future.

ENERGY LEGISLATION (H.R. 5253  
AND H.R. 5254)

## HON. BETTY MCCOLLUM

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 16, 2006

Ms. McCOLLUM of Minnesota. Mr. Speaker, I rise today in support of the Federal Energy Price Protection Act (H.R. 5253). By protecting consumers at the gas pump, this legislation takes an important step towards a more responsible federal energy policy.

H.R. 5253 bans price gouging in the sale of fuels, permits states to bring price gouging lawsuits against wholesalers or retailers and sets meaningful penalties for those convicted. After nearly a year of opposing these consumer protections, Republicans have finally realized this is a necessary and appropriate action to addressing rising gas prices. However, this is only a first step—it is what we do next that really matters.

We should not expect our energy situation to change until Congress gets serious about tackling our oil dependence. With the booming economies of China and India squeezing global oil supply, and political instability among key oil producing countries like Iran, Venezuela, Nigeria and Iraq, it is likely that world oil prices will remain volatile and could continue rising for some time to come. Unfortunately, the Republicans are proposing to meet this serious challenge with an ill-conceived policy of distraction.

The Refinery Permit Process Schedule Act (H.R. 5254) is a cynical attempt to relieve public pressure for new energy policies and divert attention away from meaningful solutions. It empowers the Secretary of Defense to evade state environmental laws and overrule the wishes of local communities by “streamlining” siting and permitting of new refineries on closed military bases. I strongly oppose this bill, which blames state environmental regulations for rising gas prices and would undermine local control in a misguided attempt to ease them. H.R. 5254 is another attempt by the Republican majority to sell Americans the false promise of easy answers.

With families burdened with gas at \$3 per gallon, it is time for real leadership, vision and commitment from Washington to make the smart investments that will protect our Nation's economic security and our planet's future. A clean energy future that addresses oil dependence and environmental concerns such as climate change is achievable. It starts by rescinding the billion of dollars in subsidies for oil and gas companies and with investments in research and extending incentives for alternative energy sources such as wind, biomass and biofuels that keep energy costs down, create jobs and make us more competitive in the global economy. As Robert Samuelson stated in today's Washington Post, the United States has the energy policy it deserves but not the one it needs. It's time for real solutions.

[From the Washington Post, May 3, 2006]

HOW WE GOT TO \$3 A GALLON

(By Robert J. Samuelson)

The United States has the energy policy it deserves, although not the one it needs. Having been told for years that their addiction to cheap gasoline was on a collision course with increasingly insecure supplies of for-

eign oil, Americans are horrified to discover that this is actually the case. But for all the public outcry and political hysteria, high gasoline prices haven't significantly hurt the economy—and may not do so. Since 2003 the economy has grown about 3.6 percent annually. It's still advancing briskly. That may be the real news.

But first, how did we get to \$3 a gallon? The basic story is simple enough. Oil was cheap in the 1990s. From 1993 to 1999, crude prices averaged about \$17 a barrel. Low prices discouraged exploration and encouraged consumption. China emerged as a big user. In 1995 global demand was about 70 million barrels daily; now it's almost 84 million barrels daily.

Spare production capacity slowly vanished, meaning that now any supply interruption—or rumor of interruption—sends prices up sharply. An Iraqi pipeline is attacked; prices jump. Nigerian rebels menace oil fields; prices jump.

These pressures get transmitted quickly to the pump, because there are few fixed-price contracts in the oil business. At each stage of distribution—from producers to refiners, from refiners to retailers—prices are adjusted quickly. They're often tied to prices on major commodities exchanges, where oil and other raw materials are traded.

“A gas station will get a delivery every four to eight days at a different price,” says Mary Novak of Global Insight. Even between deliveries, station owners may push prices up because they know that “for my next tankload, I'll have to pay the market price.”

Of course, profits have exploded. Production and refining costs haven't risen in tandem with prices. To the extent that oil companies have their own crude reserves—as opposed to buying from producing nations—they've reaped a bonanza. From 2002 to 2005, profits for most U.S. oil companies more than quadrupled, to almost \$140 billion a year, the American Petroleum Institute reports. But the really big winners are the oil-producing countries. In 2005 their oil revenue exceeded \$750 billion, up from \$300 billion in 2002. (Crude oil and taxes represent about three-quarters of the retail price of gasoline; refining, distribution and marketing account for the rest.)

It's conventional wisdom that big increases in oil prices usually trigger a recession—or at least a sharp slowdown. Why haven't they? One oft-cited reason is that the economy has become more energy-efficient. True. Compared with 1973, Americans use 57 percent less oil and natural gas per dollar of output; compared with 1990, the decline is 24 percent. Cars and trucks have gotten more efficient, though not much more so since 1990. New industries (software programming, health clubs) use less energy than the old (steelmaking, farming). But there's a larger reason: The conventional wisdom is wrong.

Big oil price increases in the past (1973–74, 1979–80 and 1990–91) did not cause recessions, though recessions occurred at roughly the same time. The connection has been repeated so often that most people probably accept it as gospel. But much economic research has concluded that it's a myth. These recessions resulted mainly from rising inflation—inflation that preceded higher oil prices—and the Federal Reserve's efforts to suppress it. Higher oil prices merely made matters slightly worse. In 1980, for example, consumer prices rose 12.5 percent; excluding energy prices, they increased 11.7 percent.

This may explain the economy's resilience. One hopeful sign: most nonenergy companies aren't yet passing along higher energy costs to their customers. “Businesses have had wide profit margins,” says Mark Zandi of

Moody's Economy.com. "They may be willing to eat the higher costs." In 2006, he expects the economy to grow 3.5 percent, with average unemployment of 4.7 percent.

Indeed, he thinks oil prices may retreat to about \$50 a barrel, from today's levels of about \$70, later this year. Higher prices will slightly dampen demand, and added supplies will create some spare production capacity. Naturally, he could be wrong. Energy economist Philip K. Verleger Jr. thinks oil could

be headed for \$100 a barrel, with inflation going to 5 percent and inducing a recession. Continuing strong oil demand will collide with rigid supply (both production and refining). The conventional wisdom—wrong in the past—could be right in the future.

Whatever happens, the larger question is how Americans build on this episode. It may feel good to vilify the major oil companies and the oil cartel. But that won't help. We now import 60 percent of our oil; large im-

ports will continue indefinitely. So far, we've escaped a true calamity. We may not be so lucky in the future. We could minimize our vulnerabilities to supply interruptions and price increases. We could open up more acreage (including Alaska) to drilling. We could orchestrate—through tougher fuel economy standards and a gradually rising energy tax—a big shift toward more-efficient vehicles. Once again, we've been warned. Will we continue to ignore it?